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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002416

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SUBJECT: TAICHUNG MAYOR HU ON TAIWAN POLITICS

Classified By: AIT Director Stephen M. Young, reasons 1.4 (b) and (d).

11. (C) Summary: (KMT) Taichung Mayor Jason Hu told the Director on October 26 that he is confident the KMT will win the 2008 presidential election. Hu said KMT election strategy is to ignore DPP candidate Frank Hsieh and cast the election as a referendum on President Chen Shui-bian's tenure in office. Hu acknowledged that the KMT UN referendum, which he opposes, is merely an election tactic, but explained the KMT could not reverse course now. Hu suggested his party should focus the presidential debate on the economy and avoid Taiwan-identity related topics pushed by the DPP. End Summary.

Ignoring Hsieh, Targeting Chen

12. (C) Taichung Mayor Jason Hu (Chih-ch'iang) met with AIT Director Stephen Young on October 26 to discuss the upcoming elections and referenda on UN membership. The KMT mayor said he is confident KMT candidate Ma Ying-jeou will win the 2008 presidential election, noting that KMT internal polls show Ma enjoys a 15-20 percent lead over DPP candidate Frank Hsieh (Chang-ting). KMT election strategy, he said, is to "pretend Hsieh doesn't exist" and cast the election as a referendum on President Chen Shui-bian's tenure in office. Focusing on Chen, he noted, diminishes the candidacy of Frank Hsieh, just as his own 2005 mayoral campaign had focused on the unpopular President Chen to the detriment of his opponent.

13. (C) Such a strategy, Hu noted, only works as long as Ma remains ahead in the polls. Hu assessed that Ma's "long stay" strategy in central and southern Taiwan had been a success. Staying in the homes of local families, including in DPP-leaning areas, had helped Ma boost his public ratings. Hu noted that Ma and his staff had initially resisted the "long stay" idea, preferring that Ma rest and stay out of the public eye after resigning from the KMT Chairmanship in February 2007. Hu told the Director that Ma had decided not to visit the U.S. this year because he feared he could not top his March 2006 visit.

Too Late to Back Out of UN Referendum

14. (C) Mayor Hu told the Director that the KMT UN referendum proposal, which Hu strongly opposes, is really just an election tactic to keep up with the DPP. The KMT was merely responding to the DPP's referendum initiative with its own proposal, though Hu argued that the party should have instead gone its own way and not let the DPP "steal the

show." Hu told the Director that the KMT must stand firm in the debate over a one- or two-stage process for casting ballots in the upcoming elections and referenda. If the DPP-backed one-stage balloting process is approved by the Central Election Commission (CEC), KMT-controlled counties and cities will likely oppose implementation. (Note: The CEC on October 26 met to discuss the one- and two-stage proposals, but failing to reach consensus, postponed a decision to its next monthly meeting in November. End Note.)

15. (C) Hu speculated that China understands the KMT referendum is not intended to antagonize Beijing, though it did express dissatisfaction with the move to KMT Honorary Chairman Lien Chan. Taiwan, Hu maintained, should focus on improving relations with the mainland and strengthening economic ties, so that "when the tide is up, we will be there with our boat." He said Frank Hsieh also favors improved relations, but the DPP will try to portray a similar approach by the KMT as "mainlanders" selling out to China. Hu said KMT legislator Su Chi's claim that the U.S. does not oppose the KMT UN referendum provides the DPP with an opportunity to accuse the U.S. of meddling in domestic politics. A number of senior KMT leaders had cautioned Su to stop trumpeting this line, for fear that it might provoke a USG rebuke to the KMT over its referendum. Hu dismissed as "ridiculous" Su's claim that Chen had authorized the development of cruise missiles capable of carrying nuclear weapons.

16. (C) Mayor Hu emphasized that the KMT's electoral strategy is to focus the presidential campaign on the economy. The economy in Taichung, on the other hand, "couldn't be better," as his city has succeeded in attracting foreign as well as Taiwan investment from the mainland.

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Nevertheless, he acknowledged, the public's pessimistic and negative perception of economic conditions is a politically "useful" weapon for the KMT to attack the Chen administration.

KMT Could Sweep Taichung LY seats

17. (C) Turning to the 2008 LY elections, Hu told the Director that the KMT has a good chance of winning all three seats in Taichung city. Although public opinion is in favor of elevating Taichung to "special municipality" status on the same level as Taipei and Kaohsiung, President Chen is unlikely to support the upgrade ahead of the presidential election because he continues to insist that Taichung city and Taichung county should first merge as a pre-condition for special municipality status.

Comment

18. (C) Hu is a close adviser to KMT presidential candidate Ma Ying-jeou, but also one of the party's more successful locally elected leaders. As evidenced by his comments on Taiwan's economy, Jason isn't afraid to chart his own course, with an eye to his local constituents. The fact that Hu roundly criticized Su Chi, another key Ma advisor, suggests some friction and rivalry among those surrounding the KMT candidate.
YOUNG